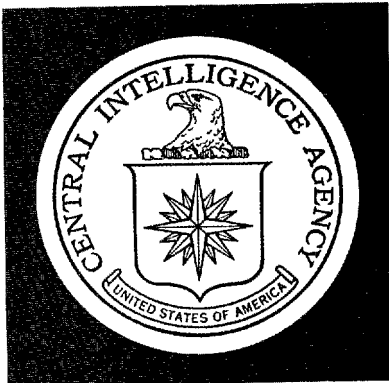


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South Vietnam: The pace of fighting has remained fairly high in III Corps, amid signs that Communist forces there are in the final stages of preparation for ground attacks against key allied installations and possibly against Saigon.

There is evidence that the Viet Cong 9th Division has begun to move within Tay Ninh Province, possibly toward Saigon. In the past two days, two battalions from this division have been identified in heavy contact with allied forces in southern and western Tay Ninh. Prisoner reports suggest that other elements of the 9th may be moving southeast toward the Phu Tho racetrack in Saigon.

In I Corps, the enemy has lobbed rockets into the city of Hue for the first time in the current offensive, injuring several civilians in the southern fringes of the city.

In the central highlands of II Corps, Special Forces camps continue to bear the brunt of enemy mortar and artillery attacks. In the delta, Viet Cong terrorists using crude homemade bombs attacked two popular restaurants in the capital city of Kien Phong Province, wounding at least two dozen people.

(Map)]

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France: By carrying off a general strike today the Communist-led General Confederation of Labor (CGT) is trying to refurbish its militant image.

The CGT's passivity as the large-scale strikes got under way last May damaged its standing with many workers. It suffered significant losses in plant committee elections held since then. Moreover, the CGT has been able to recruit proportionately fewer new members than the smaller Confederation of Democratic Workers which took the lead in supporting the workers' demands last May.

Union leaders have suggested that other strikes may follow today's general strike, which is supported by all three major federations, but the temper of the rank and file is uncertain. The government appears to be betting that the unions' demand for wage increases of about 12 percent reflects more the fear of union leaders that they will be overtaken by the general membership than deep-rooted worker dissatisfaction.

Indications that the strike will be extensive and that students were planning to join in massive street demonstrations led the government to put riot troops and police on stand-by alert. A planned shutdown of electricity, however, apparently will not prevent broadcast later today of De Gaulle's speech on the regional and senatorial reforms which are to be submitted to referendum on 27 April.

Thus far, there have been no government moves toward new talks, but the Patronat (National Association of Manufacturers) has repeated that it is willing to confer at the industry level. Minister of Social Affairs Schumann, in an attempt to put the government in a better light, is stressing that the talks which collapsed last week produced two positive results: agreement to look into the equity of social benefits and to study the minimum wage in relation to the cost of living index. [REDACTED]

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Venezuela: President Caldera's new cabinet is made up mostly of political independents and technicians.

Caldera, who was inaugurated today, gave six of the thirteen cabinet posts to members of his own Christian Democrat Party. Two of these, Perez La Salvia and Lorenzo Fernandez, are close advisers and were appointed to the Ministry of Mines and Petroleum, and Interior, respectively. A third close aide, Luis Alberto Machado, received another high administrative post in the president's office.

The appointees are well regarded professionally and reflect Caldera's aim to appoint a non-controversial cabinet that will broaden support for his administration in business and financial circles. The appointment to the Ministry of Mines of Perez La Salvia, a moderate who has opposed nationalist pressures within the party, indicates an intention to reach an agreement with the foreign oil companies over the development and exploitation of the country's oil fields once the present concession contracts expire in 1983.

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Central America: There are increasing indications that President Somoza's goal in the current Common Market crisis is to restructure the organization to give Nicaragua a more favored position.

Managua has indicated that it will call for a complete restructuring of the market. Deposit of outstanding protocols, establishment of a Customs Union, and creation of a tribunal to settle integration disputes, would be the first phase. This would be followed by renegotiation of all Common Market agreements and replacement of the multiple protocols with a single new treaty.

Somoza provoked the present imbroglio on 28 February when, in contravention of integration agreements, he imposed a tax on certain imports from other Common Market countries. Their response was to levy an equivalent tax on Nicaraguan exports.

Somoza initially described his action as an attempt to raise badly needed government revenue and also to pressure his Common Market partners to ratify, deposit, and implement outstanding protocols. Neither the present tax, which is only an interim measure, nor even the full implementation of the protocols, however, will likely be sufficient to halt Nicaragua's continuing balance-of-payments deficit or adequately increase government revenue.

Central American leaders seem prepared to go to great lengths to avoid a break with Somoza, but they would not be willing to solve Nicaragua's problems at their own expense. Thus, the Common Market will be in grave difficulty if Somoza insists on a definite commitment to this two-stage program as the price for settlement of the present crisis.

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Pakistan: Protracted civil and labor unrest has resulted in serious economic dislocations throughout the country, and the political feedback could affect the outcome of the government-opposition talks which resumed yesterday in Rawalpindi. The recent upsurge in labor agitation, manifested in a series of violent strikes--the most significant being a port tie-up by longshoremen in Karachi--is disrupting economic life. In addition, critical food shortages which have developed in East Pakistan could play into the hands of political extremists. [REDACTED]

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USSR - Southern Yemen: Moscow continues to supply military equipment to Southern Yemen. A Soviet freighter arrived in Aden on 5 March and reportedly unloaded [REDACTED] helicopters, artillery, small arms, and ammunition. The USSR has already delivered [REDACTED] MIG-17 jet fighters, trucks, and small arms to Southern Yemen. [REDACTED]

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Hungary: The government took an important step to win popular support by staging memorial ceremonies on 8 March for Laszlo Rajk, the symbol of Hungary's victims of Stalinist oppression. Rajk was rehabilitated by the party in 1956 before the revolution, but the recent ceremonies marked the first public demonstration of respect for his memory since that time. The Kadar leadership, which announced a reinvigoration of its domestic reform program on 7 March, probably intended the ceremony to demonstrate the permanency of its rejection of Stalinist methods and to win over those who remain cynical about the regime's intentions. [REDACTED]

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Chile: At least four persons were killed and 47 wounded Sunday when police evicted several hundred families from land they had illegally occupied on the outskirts of Puerto Montt in southern Chile. Among those arrested as instigators was a member of the extreme left Socialist Party who was elected to the Chamber of Deputies on 2 March. The Ministry of the Interior said the use of firearms was necessary because of the organized armed resistance offered by the squatters. The Communist and Socialist press is already accusing the government of "massacring" the people.

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